



State of Wisconsin
2007 - 2008 LEGISLATURE

P3
LRB-2783/P2

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insert

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

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or
10/1 early a.m.

Regen

1 AN ACT *to repeal* 20.115 (1) (d), 20.115 (1) (k), 20.505 (8) (hm) 2m., 93.47, 93.75,
2 234.66, 560.038, 560.039, 560.045, 560.10, 560.137, 560.138, 560.14 (3m),
3 560.17 (5r), 560.17 (6m) (b), 560.607 (2), 560.80 (3m), 560.80 (5m), 560.81,
4 560.82 (5) (a), 560.83 (2) (b), 560.83 (3), 560.83 (5), 560.837, 560.91, 560.915 (2)
5 and (3), 560.915 (4) (b) (intro.), 560.925 and 560.935; *to renumber* 560.797 (1)
6 (a), 560.7995 (4) (b), 560.82 (title), 560.82 (3) (a) to (c) and 560.82 (4) (a) 1. and
7 2.; *to renumber and amend* 560.17 (6m) (a), 560.80 (5), 560.82 (2) (a) to (n),
8 560.82 (3) (intro.), 560.82 (4) (b), 560.82 (5) (b), 560.83 (title), 560.83 (1), 560.83
9 (2) (a) 1. and 2., 560.83 (4) (a), 560.83 (4) (b), 560.915 (4) (a), 560.915 (4) (b) 1.
10 and 560.915 (4) (b) 2.; *to consolidate, renumber and amend* 560.82 (1) and
11 (2) (intro.), 560.82 (4) (intro.) and (a) (intro.) and 560.83 (2) (intro.) and (a)
12 (intro.); *to amend* 20.002 (11) (d) 3., 20.115 (4) (c), 20.115 (4) (r), 20.143 (1) (fm),
13 20.143 (1) (ig), 20.143 (1) (im), 20.143 (1) (kg), 20.143 (1) (kj), 20.143 (1) (x),
14 25.17 (1) (hm), 25.17 (70) (intro.), 25.17 (70) (a), 93.46 (2) (e), 234.03 (2m),
15 234.265 (2), 234.40 (4), 234.50 (4), 234.60 (2), 234.61 (1), 234.63 (2) (b), 234.65

(1) (b), 560.03 (15) (intro.), 560.03 (26), 560.031, 560.07 (9), 560.08 (2) (m), 560.081 (2) (i), 560.11 (1) (b), 560.13 (7), 560.155 (4), 560.17 (7) (a), 560.205 (3) (c) (intro.), 560.38, 560.42 (5), 560.44 (2), 560.52 (1) (intro.), 560.55, 560.797 (4) (a), 560.799 (5) (intro.), 560.7995 (3) (b), 560.80 (4), 560.80 (11), 560.84 (1) (b) 1., 560.84 (1) (e) 1., 560.84 (1) (f), 560.84 (1) (j), 560.85 (2) and (3) (a), 560.85 (3) (b), 560.905 (2) and 560.915 (4) (c); and **to create** 15.04 (1) (n), 15.04 (1) (o), 560.01 (2) (am), 560.13 (8), 560.155 (5), 560.70 (2g), 560.765 (2m), 560.797 (1) (ad), 560.797 (4) (h), 560.799 (1) (ad), 560.799 (6) (e), 560.7995 (1) (am), 560.7995 (4) (b) 2., 560.80 (5) (a) and (b), 560.836 (title), 560.836 (1) (a) and 560.836 (2) (a) of the statutes; **relating to:** cleanup and consolidation of Department of Commerce economic development programs, establishing a comprehensive annual reporting requirement, and requiring the development of programmatic goals and accountability measures for economic development grants and loans. *and requiring the exercise of rule-making authority*

Analysis by the Legislative Reference Bureau

Pursuant to the recommendations of the Legislative Audit Bureau in Report 06-9, "A Review of State Economic Development Programs," this bill makes a number of changes to the state's economic development programs.

Cleanup and consolidation

The bill eliminates the following unfunded or inactive economic development programs administered by the Department of Commerce (Commerce): minority nonprofit corporation grants; minority business incubator grants; the industrial building construction loan fund; gaming economic development grants and loans; gaming economic diversification grants and loans; community-based economic development revolving loan fund grants; low-income rural municipality economic development loans; small business innovative research program grants; minority business development finance and education training grants; and technology-based economic development assistance, seed-capital fund, information exchange clearinghouse, and manufacturing assessment center. *In addition, this bill eliminates the sustainable agriculture grant program and the payments to ethanol producers program administered by the Department of Agriculture, Trade and*

programs:

the

modernization program

the

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(DATCP) ^(H) The Consumer Protection. ~~Finally, this~~ bill eliminates the beginning farmer program administered by the Wisconsin Housing and Economic Development Authority.

^(WHEDA) ~~The~~ This bill consolidates the following grant and loan programs, administered by Commerce, into one minority business grant and loan program: minority business early planning grants; minority business development grants and loans; and minority business revolving fund grants and loans.

Changes to reporting requirements

Under current law, Commerce must do all of the following:

1. Submit a biennial report to the legislature on the performance and operations of Commerce in the preceding biennium.
2. Periodically prepare an inventory of existing entrepreneurial assistance programs in Wisconsin.
3. Prepare a report documenting the results of an annual survey of Wisconsin businesses concerning the formation of businesses and obstacles to the formation of businesses in Wisconsin.
4. Prepare employment impact estimates related to industrial development revenue bonding.
5. Submit a report to the State of Wisconsin Investment Board describing the types of investments in businesses in Wisconsin that will have the greatest likelihood of enhancing economic development in Wisconsin.
6. Submit a report to both the Department of Natural Resources ^(DNR) and the federal Environmental Protection Agency concerning the compliance of the state small business stationary source technical and environmental compliance assistance program with certain federal laws.

^{Commerce} In addition, under current law, Commerce ^{must} is required to submit reports to the legislature incorporating the following information concerning economic development programs administered by ~~the department~~ ^{the department}: job gains due to funds provided to Forward Wisconsin, Inc.; the effects of the State Main Street Program on business revitalization in commercial areas having historic significance; the effectiveness of the Brownfields Grant Program; the operation and effectiveness of the Business Employees' Skills Training Grant Program; the total amount of tax credits claimed under the Early State Seed Investment Credit and Angel Investment Credit programs; ^{the} certified capital investments and qualified investments made under and the number of jobs created as a result of the Certified Capital Companies program; a description of the activities of the Business Development Assistance Center; a description of Commerce's activities and the results of Commerce's activities coordinating entrepreneurial assistance programs and intermediary assistance programs offered by state agencies; Commerce's technology-based economic development activities; and ~~a report on~~ the disposition and repayment of moneys distributed under the seed capital fund.

The economic development reporting requirements under current law are not uniform: some reports are required annually, others biennially or periodically; some reports are due in January, others in March, September, October, and December.

This bill establishes a uniform, annual, comprehensive reporting requirement for economic development programs administered by each department and

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independent agency. Department is defined under current law to mean the principal administrative agency within the executive branch of the Wisconsin state government but does not include independent agencies. Independent agencies under current law include the Educational Communications Board; the Employment Relations Commission; the Elections Board; the Ethics Board; the Government Accountability Board; the Higher Educational Aids Board; the Historical Society; the Office of Commissioner of Insurance; the Investment Board; the Public Defender Board; the Public Service Commission; the Board of Regents of the University of Wisconsin System; the Technical College System Board; and the University of Wisconsin Hospitals and Clinics board. The comprehensive report is due to the legislature by October 1 of each year.

The annual report must include information about the number of grants and loans made by each department and independent agency in each year; the amount of each grant and loan; the name of the recipient of each grant and loan; and the sum total of all grants and loans received by each recipient. Each department and independent agency must collaborate with Commerce to make the reported information available to the public on the Internet.

The bill also requires each department and independent agency to establish, in consultation with Commerce, specific programmatic goals for each of the economic development grant or loan programs administered by each department and independent agency; quantifiable benchmarks for the program goals; and methods for evaluating the projected or anticipated results of the grant or loan program. Each department and independent agency is required to independently verify the accuracy of information reported by the recipient of a grant or loan.

Changes to development zones and enterprise zones

Under current law, Commerce may designate a portion of the state as a development zone, a development opportunity zone, an enterprise development zone, an agricultural development zone, an enterprise zone, an airport development zone, or a technology zone. Commerce may also certify persons who agree to undertake certain eligible activities in one of the designated zones. Eligible activities include job creation, environmental remediation, and capital investment. Persons who obtain certification are then eligible for tax benefits.

The bill requires that two-thirds of the tax benefits remaining under the following programs be made available only to persons who undertake eligible activities in an economically distressed area: 1) development zone program; 2) enterprise development zone program; 3) enterprise zone program; and 4) airport development zone program.

The bill defines an economically distressed area as an area having the following characteristics:

1. An unemployment rate greater than 5.6 percent.
2. Greater than 9 percent of the population has family income below the federal poverty line.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 15.04 (1) (n) of the statutes is created to read:

15.04 (1) (n) *Programmatic goals for economic development grants and loans.*

Establish, in consultation with the department of commerce, clear and measurable goals for each economic development grant or loan program administered by a department or independent agency, including all of the following:

1. Specific goals for the program that are tied to statutory policy objectives.

2. At minimum, one quantifiable benchmark for each program goal described in subd. 1.

3. A requirement that each contract with a recipient of a grant or loan under the program specify the frequency and format of reports to be submitted to the department or independent agency and the performance measures to be included in the reports.

4. A method for evaluating the projected or anticipated results of the grant or loan program with actual outcomes as determined by evaluating the information described in subds. 1. and 2.

5. A requirement that the department or independent agency annually and independently verify, from a sample of grants and loans, the accuracy of the information required to be reported under subd. 3.

SECTION 2. 15.04 (1) (o) of the statutes is created to read:

15.04 (1) (o) *Economic development assistance reporting.* Annually, no later than October 1, submit to the chief clerk of each house of the legislature for

1 distribution to the legislature under s. 13.172 (2) a comprehensive report assessing
2 economic development programs administered by the department or independent
3 agency. The department or independent agency shall collaborate with the
4 department of commerce to make readily accessible to the public on an
5 Internet-based system the information required under this paragraph. The report
6 shall include all of the following information:

- 7 1. A description of each program.
- 8 2. Quantifiable performance measures directly related to the purpose of the
9 program.
- 10 3. A comparison of expected and actual program outcomes.
- 11 4. The number of grants made under the program in the previous year.
- 12 5. The number of loans made under the program in the previous year.
- 13 6. The amount of each grant and loan made under the program in the previous
14 year.
- 15 7. The recipient of each grant or loan made under the program in the previous
16 year.
- 17 8. The sum total of all grants and loans awarded to and received by each
18 recipient under the program in the previous year.
- 19 9. Any recommended changes to the program.

20 **SECTION 3.** 20.002 (11) (d) 3. of the statutes is amended to read:

21 20.002 (11) (d) 3. The industrial building construction loan fund under s.
22 560.10, 2005 stats.

23 **SECTION 4.** 20.115 (1) (d) of the statutes is repealed.

24 **SECTION 5.** 20.115 (1) (k) of the statutes is repealed.

25 **SECTION 6.** 20.115 (4) (c) of the statutes is amended to read:

20.115 (4) (c) *Agricultural investment aids*. Biennially, the amounts in the schedule for agricultural research and development grants under s. 93.46 (2) and (3) and sustainable agriculture grants under s. 93.47.

SECTION 7. 20.115 (4) (r) of the statutes is amended to read:

20.115 (4) (r) *Agricultural investment aids, agrichemical management fund*. Biennially, from the agrichemical management fund, the amounts in the schedule for agricultural research and development grants under s. 93.46 (2) and (3) and sustainable agriculture grants under s. 93.47.

SECTION 8. 20.143 (1) (fm) of the statutes is amended to read:

20.143 (1) (fm) *Minority business projects; grants and loans*. Biennially, the amounts in the schedule for grants ^{and loans} under ss. 560.038, 560.039, ^{s.} 560.82 ^{plain} and 560.837 ^{s.} 560.836 (1), grants and loans under s. 560.83 ^{s.} 560.836 (2), the grant under 1993 Wisconsin Act 110, section 3, and the loans under 1997 Wisconsin Act 9, section 3.

SECTION 9. 20.143 (1) (ig) of the statutes is amended to read:

20.143 (1) (ig) *Gaming economic development and diversification; repayments*. Biennially, the amounts in the schedule for grants and loans under ss. 560.137 (2) and 560.138. All moneys received in repayment of loans under ss. s. 560.137 (2), 2005 stats., and s. 560.138, 2005 stats., shall be credited to this appropriation account.

SECTION 10. 20.143 (1) (im) of the statutes is amended to read:

20.143 (1) (im) *Minority business projects; repayments*. All moneys received in repayment of grants or loans under s. 560.83 ^{560.836 (1m)(b) and (c)} 560.836 (2) and loans under 1997 Wisconsin Act 9, section 3, to be used for grants and loans under ^{s.} ~~560.82~~ ^{plain} 560.83, and 560.837 ^{s.} 560.836, the grant under 2001 Wisconsin Act 16, section 9110 (7g), and the loans under 1997 Wisconsin Act 9, section 3.

SECTION 11. 20.143 (1) (kg) of the statutes is amended to read:

1 20.143 (1) (kg) *American Indian economic liaison and gaming grants specialist*
2 *and program marketing.* The amounts in the schedule for the American Indian
3 economic liaison program under s. 560.87, other than for grants under s. 560.87 (6),
4 ~~for the salary and fringe benefits of, and related supplies and services for, the gaming~~
5 ~~grants specialist for the programs under ss. 560.137 and 560.138, and for marketing~~
6 ~~the programs under ss. 560.137 and 560.138.~~ From this appropriation, the
7 ~~department may expend in each fiscal year no more than \$100,000 for marketing the~~
8 ~~programs under ss. 560.137 and 560.138.~~ All moneys transferred from the
9 appropriation account under s. 20.505 (8) (hm) 6g. shall be credited to this
10 appropriation account. Notwithstanding s. 20.001 (3) (a), the unencumbered
11 balance on June 30 of each year shall revert to the appropriation account under s.
12 20.505 (8) (hm).

13 **SECTION 12.** 20.143 (1) (kj) of the statutes is amended to read:

14 20.143 (1) (kj) *Gaming economic development and diversification; grants and*
15 ~~*loans.*~~ Biennially, the amounts in the schedule for ~~grants and loans under ss. 560.137~~
16 ~~and 560.138, for the grants under s. 560.139 (1) (a) and (2), and for the grants under~~
17 2001 Wisconsin Act 16, section 9110 (2k), (11pk), and (11zx). ~~Of the amounts in the~~
18 ~~schedule, \$500,000 shall be allocated in each fiscal year for the grants under s.~~
19 ~~560.137 (3m).~~ All moneys transferred from the appropriation account under s.
20 20.505 (8) (hm) 6j. shall be credited to this appropriation account. Notwithstanding
21 s. 20.001 (3) (b), the unencumbered balance on June 30 of each odd-numbered year
22 shall revert to the appropriation account under s. 20.505 (8) (hm).

23 **SECTION 13.** 20.143 (1) (x) of the statutes is amended to read:

1 20.143 (1) (x) *Industrial building construction loan fund*. All moneys received
2 in the industrial building construction loan fund, for the purpose of s. 560.10, 2005
3 stats.

4 **SECTION 14.** 20.505 (8) (hm) 2m. of the statutes is repealed.

5 **SECTION 15.** 25.17 (1) (hm) of the statutes is amended to read:

6 25.17 (1) (hm) Industrial building construction loan fund (s. 560.10, 2005
7 stats.);

8 **SECTION 16.** 25.17 (70) (intro.) of the statutes is amended to read:

9 25.17 (70) (intro.) No later than ~~June 30~~ March 30 of every odd-numbered year,
10 after receiving ~~a report~~ from the department of commerce the information required
11 under s. 560.08 (2) (m), and in consultation with the department of commerce, submit
12 to the governor and to the presiding officer of each house of the legislature a plan for
13 making investments in this state. The purpose of the plan is to encourage the board
14 to make the maximum amount of investments in this state, subject to s. 25.15 and
15 consistent with the statutory purpose of each trust or fund managed by the board.
16 The plan shall discuss potential investments to be made during the first to 5th fiscal
17 years following submittal, and shall include, but not be limited to, the following:

18 **SECTION 17.** 25.17 (70) (a) of the statutes is amended to read:

19 25.17 (70) (a) A report from the department of commerce containing the
20 information required under s. 560.08 (2) (m) ~~describing the types of investments in~~
21 ~~businesses in this state which will have the greatest likelihood of enhancing~~
22 ~~economic development in this state.~~

23 **SECTION 18.** 93.46 (2) (e) of the statutes is amended to read:

24 93.46 (2) (e) The department may not make a grant under this subsection or
25 s. 93.47 that exceeds 75 percent of project costs.

1 **SECTION 19.** 93.47 of the statutes is repealed.

2 **SECTION 20.** 93.75 of the statutes is repealed.

3 **SECTION 21.** 234.03 (2m) of the statutes is amended to read:

4 234.03 (2m) To issue notes and bonds in accordance with ss. 234.08, 234.40,
5 234.50, 234.60, 234.61, 234.626, 234.63, and 234.65, ~~and 234.66.~~

6 **SECTION 22.** 234.265 (2) of the statutes is amended to read:

7 234.265 (2) Records or portions of records consisting of personal or financial
8 information provided by a person seeking a grant or loan under s. 234.04, 234.08,
9 234.49, 234.59, 234.61, 234.63, 234.65, 234.67, 234.83, 234.84, 234.90, 234.905,
10 234.907, or 234.91, seeking a loan under ss. 234.621 to 234.626, seeking financial
11 assistance under s. 234.66, 2005 stats., seeking investment of funds under s. 234.03
12 (18m), or in which the authority has invested funds under s. 234.03 (18m), unless the
13 person consents to disclosure of the information.

14 **SECTION 23.** 234.40 (4) of the statutes is amended to read:

15 234.40 (4) The limitations established in ss. 234.18, 234.50, 234.60, 234.61,
16 234.63, and 234.65, ~~and 234.66~~ are not applicable to bonds issued under the
17 authority of this section. The authority may not have outstanding at any one time
18 bonds for veterans housing loans in an aggregate principal amount exceeding
19 \$61,945,000, excluding bonds being issued to refund outstanding bonds.

20 **SECTION 24.** 234.50 (4) of the statutes is amended to read:

21 234.50 (4) The limitations established in ss. 234.18, 234.40, 234.60, 234.61,
22 234.63, and 234.65, ~~and 234.66~~ are not applicable to bonds issued under the
23 authority of this section. The authority may not have outstanding at any one time
24 bonds for housing rehabilitation loans in an aggregate principal amount exceeding
25 \$100,000,000, excluding bonds being issued to refund outstanding bonds. The

1 authority shall consult with and coordinate the issuance of bonds with the building
2 commission prior to the issuance of bonds.

3 **SECTION 25.** 234.60 (2) of the statutes is amended to read:

4 234.60 (2) The limitations in ss. 234.18, 234.40, 234.50, 234.61, 234.63, and
5 234.65, ~~and 234.66~~ do not apply to bonds or notes issued under this section.

6 **SECTION 26.** 234.61 (1) of the statutes is amended to read:

7 234.61 (1) Upon the authorization of the department of health and family
8 services, the authority may issue bonds or notes and make loans for the financing of
9 housing projects which are residential facilities as defined in s. 46.28 (1) (d) and the
10 development costs of those housing projects, if the department of health and family
11 services has approved the residential facilities for financing under s. 46.28 (2). The
12 limitations in ss. 234.18, 234.40, 234.50, 234.60, 234.63, and 234.65, ~~and 234.66~~ do
13 not apply to bonds or notes issued under this section. The definition of "nonprofit
14 corporation" in s. 234.01 (9) does not apply to this section.

15 **SECTION 27.** 234.63 (2) (b) of the statutes is amended to read:

16 234.63 (2) (b) The limits in ss. 234.18 ~~(1)~~, 234.40, 234.50, 234.60, 234.61, and
17 234.65, ~~and 234.66~~ do not apply to bonds issued under par. (a).

18 **SECTION 28.** 234.65 (1) (b) of the statutes is amended to read:

19 234.65 (1) (b) The limits in ss. 234.18, 234.40, 234.50, 234.60, and 234.61, ~~and~~
20 234.66 do not apply to bonds or notes issued under this section.

21 **SECTION 29.** 234.66 of the statutes is repealed.

22 **SECTION 30.** 560.01 (2) ^(as) ~~(am)~~ of the statutes is created to read:

23 560.01 (2) ^(as) ~~(am)~~ *Accountability for grant and loan programs; annual reporting*
24 *requirements.* 1. The department of commerce shall coordinate the development of
25 programmatic goals and accountability measures ~~among departments and~~

as required under ss. 230.167, 360.09(1)(am),
380.04(1m), 410.11(1g), 840.01(6m), 93.07(18),
and 234.032

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1 independent agencies under s. 15.04 (1) (n) to ensure that the goals and measures
2 are adequate, compatible, and effective!

3 2. The department of commerce shall collaborate with departments and

4 independent agencies to facilitate the reporting required under s. 15.04 (1) (o).

5 SECTION 31. 560.03 (15) (intro.) of the statutes is amended to read:

6 560.03 (15) (intro.) ~~Annually, submit~~ Include in the report required under s.

7 15.04 (1) (o) ^{560.01(2)(am)} a summary of the employment impact estimates required under s.

8 560.034 (2) and a report ~~to the chief clerk of each house of the legislature, for~~

9 ~~distribution to the legislature under s. 13.172 (2),~~ analyzing the use of industrial

10 revenue bond financing under s. 66.1103 and accurately reporting the benefits of that

11 use, including the effect on employment in this state including, but not limited to:

12 SECTION 32. 560.03 (26) of the statutes is amended to read:

13 560.03 (26) In cooperation with the department of financial institutions and

14 the board of regents of the University of Wisconsin System, annually conduct and

15 ~~publish~~ include in the report required under s. 15.04 (1) (o) ^{560.01(2)(am)} the results of a study of

16 Wisconsin businesses to determine new business formation trends and identify

17 obstacles faced by new Wisconsin businesses and areas where changes in

18 governmental policy may satisfy the needs of new Wisconsin businesses. As part of

19 the study, the department of commerce shall conduct a survey of Wisconsin

20 businesses.

21 SECTION 33. 560.031 of the statutes is amended to read:

22 **560.031 Grants for ethanol production facilities.** Notwithstanding ss.

23 560.135 (2), 560.138 (2) (a), and 560.17 (3), the department may not make a grant for

24 an ethanol production facility on which construction begins after July 27, 2005,

1 unless a competitive bidding process is used for the construction of the ethanol
2 production facility.

3 SECTION 34. 560.038 of the statutes is repealed.

4 SECTION 35. 560.039 of the statutes is repealed.

5 SECTION 36. 560.045 of the statutes is repealed.

6 SECTION 37. 560.07 (9) of the statutes is amended to read:

7 560.07 (9) ~~On or before July 1, 1985, and every July 1 thereafter, submit to the~~
8 ~~chief clerk of each house of the legislature, for distribution to the appropriate~~
9 ~~standing committees under s. 13.172 (3), a~~ Include in the report stating required
10 under s. 15.04 (1) (o) information regarding the net jobs gain due to the funds
11 provided to Forward Wisconsin, Inc., under s. 20.143 (1) (bm).

12 SECTION 38. 560.08 (2) (m) of the statutes is amended to read:

13 560.08 (2) (m) ~~No later than January 1 of each odd-numbered year, submit to~~
14 ~~the investment board a~~ Include in the report describing required under s. 15.04 (1)
15 a description of the types of investments in businesses in this state which will
16 have the greatest likelihood of enhancing economic development in this state. The
17 department shall submit to the investment board a copy of the information required
18 under this paragraph.

19 SECTION 39. 560.081 (2) (i) of the statutes is amended to read:

20 560.081 (2) (i) As part of the report required under s. 15.04 (1) (d) 15.04 (1) (o),
21 include a report on the effects of the state main street program.

22 SECTION 40. 560.10 of the statutes is repealed.

23 SECTION 41. 560.11 (1) (b) of the statutes is amended to read:

24 560.11 (1) (b) Periodically Include in the report to the department of natural
25 ~~resources and to the administrator of the federal environmental protection agency~~

560001(2)(am)✓
① required under s. 15.04 (1) (o) information concerning the compliance of the state
2 small business stationary source technical and environmental compliance
3 assistance program with the federal paperwork reduction act, 44 USC 3501 to 3520,
4 the federal regulatory flexibility act, 5 USC 601 to 612, and the federal equal access
5 to justice act, 5 USC 504. The department shall submit to the department of natural
6 resources and to the administrator of the federal environmental protection agency
7 a copy of the information required under this paragraph.

8 SECTION 42. 560.13 (7) of the statutes is amended to read:

9 560.13 (7) ~~On or before December 31, 1998, and annually thereafter, the~~ The
10 department shall ~~submit a~~ include in the report ~~on~~ required under s. 15.04 (1) (o) an
11 evaluation of the effectiveness of the program under this section to the legislature
12 ~~under s. 13.172 (2) and.~~ The department shall provide to the governor and the
13 department of administration a copy of the evaluation required under this
14 subsection.

15 SECTION 43. 560.13 (8) of the statutes is created to read:

16 560.13 (8) (a) To the extent allowed under federal law or regulation, the
17 department shall give priority in the awarding of grants under housing programs to
18 grants for projects related to the redevelopment of brownfields.

19 (b) The department shall expand the blight elimination and brownfield
20 redevelopment program under subch. V of ch. Comm 108, Wis. Adm. Code, to fund
21 redevelopment planning and projects that will result in end uses with taxable value.

22 SECTION 44. 560.137 of the statutes is repealed.

23 SECTION 45. 560.138 of the statutes is repealed.

24 SECTION 46. 560.14 (3m) of the statutes is repealed.

25 SECTION 47. 560.155 (4) of the statutes is amended to read:

1 560.155 (4) ~~No later than January 31, 2002, the~~ The department shall submit
2 to the legislature under s. 13.172 (2) a report on include in the report required under
3 s. 560.001(2)(am) 15.04 (1) (o) an evaluation of the operation and effectiveness of the grant program
4 under this section.

5 **SECTION 48.** 560.155 (5) of the statutes is created to read:

6 560.155 (5) In deciding whether to award a grant under this section, the
7 department may not consider any factor or characteristics of the business other than
8 the criteria established under subs. (1) and (2).

9 **SECTION 49.** 560.17 (5r) of the statutes is repealed.

10 **SECTION 50.** 560.17 (6m) (a) of the statutes is renumbered 560.17 (6m) and
11 amended to read:

12 560.17 (6m) ~~Except as provided in par. (b), in order to~~ To receive a grant or loan
13 under this section a person or business shall contribute cash, from a source other
14 than the state, in an amount that equals at least 25% of the total cost of the project.

15 **SECTION 51.** 560.17 (6m) (b) of the statutes is repealed.

16 **SECTION 52.** 560.17 (7) (a) of the statutes is amended to read:

17 560.17 (7) (a) Except as provided in par. (am), the department shall designate
18 staff to evaluate applications for grants or loans and assist the board under this
19 section. The board shall act on an application for a grant or loan at its next regularly
20 scheduled meeting after the department determines that the application is complete,
21 ~~except that the board shall act on an application for a loan under sub. (5r) and advise~~
22 ~~the applicant of its decision within 45 days after the department determines that the~~
23 ~~application is complete.~~

24 **SECTION 53.** 560.205 (3) (c) (intro.) of the statutes is amended to read:

1 560.205 (3) (c) *Annual report.* (intro.) Annually, no later than September 15,
2 the ~~The~~ department shall ~~submit a~~ include in the report to the chief clerk of each
3 house of the legislature for distribution to the legislature under s. 13.172 (2), listing
4 required under s. 15.04 (1) (o) ^{560.01(2)(am)✓} all of the following information:

5 SECTION 54. 560.38 of the statutes is amended to read:

6 **560.38 Department evaluation of program certified capital**
7 **investments.** ~~Beginning on March 31, 2000, and on March 31 of each~~
8 ~~even-numbered year thereafter, the department shall submit a report to the~~
9 ~~legislature under s. 13.172 (2) regarding the program under this subchapter. The~~
10 ~~department shall include in the report shall include~~ required under s. 15.04 (1) (o) ^{560.01(2)(am)✓}
11 all of the following:

12 (1) The total amount of certified capital investments made during the previous
13 2 calendar years year, as well as the total amount of certified capital investments
14 made since July 1, 1999.

15 (2) Statistical information on the qualified investments made by certified
16 capital companies during the previous 2 calendar years year.

17 (3) The department's assessment of the number of jobs created in this state
18 during the previous 2 calendar years year as a result of the certified capital company
19 program under this subchapter.

20 SECTION 55. 560.42 (5) of the statutes is amended to read:

21 560.42 (5) REPORT. ~~Beginning in 2003 and biennially thereafter, the~~ Annually,
22 the center shall prepare a report describing its activities under this section since the
23 period covered in the previous report. The department shall submit the report with
24 the report required under s. 560.55. The report may include recommendations for
25 the legislature, governor, public records board, and regulatory agencies on

1 simplifying the process of applying for permits, of reviewing and making
2 determinations on permit applications, and of issuing permits, and shall include
3 information on the number of requests for assistance, the types of assistance
4 provided, and the center's success in resolving conflicts in permit application and
5 review processes. The department shall include the information required under this
6 subsection in the report required under s. 15.04 (1) (o). ^{2 56001(2)(am) ✓}

7 **SECTION 56.** 560.44 (2) of the statutes is amended to read:

8 560.44 (2) ADMINISTRATION OF BROWNFIELDS PROGRAMS. The center shall assist
9 in administering the grant program under s. 560.13 and in administering grants and
10 loans under s. 560.138 that are made for brownfields remediation projects.

11 **SECTION 57.** 560.52 (1) (intro.) of the statutes is amended to read:

12 560.52 (1) INVENTORY. (intro.) The department shall prepare and periodically,
13 revise, and include in the report required under s. 15.04 (1) (o) ^{2 56001(2)(am)} an inventory of
14 existing entrepreneurial assistance programs offered in this state. In preparing the
15 inventory, the department may do any of the following:

16 **SECTION 58.** 560.55 of the statutes is amended to read:

17 **560.55 Report.** ~~Beginning on October 15, 2003, and no later than October 15~~
18 ~~of each odd-numbered year thereafter, the~~ The department shall submit to include
19 in the governor and to the chief clerk of each house of the legislature, for distribution
20 to the legislature under s. 13.172 (2), a report describing required under s. 15.04 (1) ^{2 56001(2)(am) ✓}

21 ^e a description of the department's activities and the result of the department's
22 activities under s. 560.54 since the period covered in the previous report submitted
23 under this section. The department shall ~~combine this report with the report~~
24 ~~required under s. 560.42 (5) and may combine this report with other reports~~
25 ~~published by the department, including the report under s. 15.04 (1) (d) provide to~~

1 the governor a copy of the information required under this section. The report may
2 include recommendations for legislative proposals to change the entrepreneurial
3 assistance programs and intermediary assistance programs.

4 **SECTION 59.** 560.607 (2) of the statutes is repealed.

5 **SECTION 60.** 560.70 (2g) of the statutes is created to read:

6 560.70 (2g) "Economically distressed area" means an area that satisfies all of
7 the following:

8 (a) The area has an unemployment rate ^{of at least} greater than or equal to 5.6 percent.

9 (b) ^{At least} Greater than or equal to 9.0 percent of the population in the area has family
10 income below the poverty line established under 42 USC 9902 (2).

11 **SECTION 61.** 560.765 (2m) ^{Beginning on} of the statutes is created to read:

12 560.765 (2m) ^{ensure} On or after the effective date of this subsection [revisor inserts
13 date], ^{the effective date of this subsection.... [revisor inserts date]} require that ^{not less than} two-thirds of the tax benefits remaining on this date to be
14 awarded to persons certified under sub. (3) are awarded to persons engaging in or
15 proposing to engage in economic activity in an economically distressed area.

16 **SECTION 62.** 560.797 (1) (a) of the statutes is renumbered 560.797 (1) (ag).

17 **SECTION 63.** 560.797 (1) (ad) of the statutes is created to read:

18 560.797 (1) (ad) "Economically distressed area" has the meaning given in s.
19 560.70 (2g).

20 **SECTION 64.** 560.797 (4) (a) of the statutes is amended to read:

21 560.797 (4) (a) If Subject to par. (h), if the department approves a project plan
22 under sub. (3) and designates the area in which the person submitting the project
23 plan conducts or intends to conduct the project as an enterprise development zone
24 under the criteria under sub. (2), the department shall certify the person as eligible
25 for tax benefits.

1 SECTION 65. 560.797 (4) (h) of the statutes is created to read:

2 560.797 (4) (h) ^{Beginning on} On or after the effective date of this paragraph [revisor
3 inserts date], the department shall ^{ensure} require that two-thirds of the tax benefits
4 remaining on ^{the effective date of this paragraph...} ~~this date~~ ^[revisor inserts not less than date] to be awarded to persons certified under this subsection are
5 awarded to persons conducting a project in an economically distressed area.

6 SECTION 66. 560.799 (1) (ad) of the statutes is created to read:

7 560.799 (1) (ad) "Economically distressed area" has the meaning given in s.
8 560.70 (2g).

9 SECTION 67. 560.799 (5) (intro.) of the statutes is amended to read:

10 560.799 (5) CERTIFICATION. (intro.) The Subject to sub. (6) (e), the department
11 may certify for tax benefits any of the following:

12 SECTION 68. 560.799 (6) (e) of the statutes is created to read:

13 560.799 (6) (e) ^{Beginning on} On or after the effective date of this paragraph [revisor
14 inserts date], the department shall ^{ensure} require that ^{not less than} two-thirds of the tax benefits
15 remaining on ^{es} ~~this date~~ to be awarded to ^{es} a business certified under sub. (5) are
16 awarded to ^{es} a business that ^{satisfy} satisfies the requirements under sub. (5) in an
17 economically distressed area.

18 SECTION 69. 560.7995 (1) (am) of the statutes is created to read:

19 560.7995 (1) (am) "Economically distressed area" has the meaning given in s.
20 560.70 (2g).

21 SECTION 70. 560.7995 (3) (b) of the statutes is amended to read:

22 560.7995 (3) (b) When the department designates an area as an airport
23 development zone, the department shall establish a limit, not to exceed \$3,000,000,
24 for tax benefits applicable to the airport development zone. The total tax benefits
25 applicable to all airport development zones may not exceed \$9,000,000. The Subject

the effective date of this paragraph... [revisor inserts date]

1 to sub. (4) (b) 2., the department may, after 48 months from the month of any
2 designation under this section, evaluate the area designated as an airport
3 development zone and reallocate the amount of available tax benefits.

4 **SECTION 71.** 560.7995 (4) (b) of the statutes is renumbered 560.7995 (4) (b) 1.

5 **SECTION 72.** 560.7995 (4) (b) 2. of the statutes is created to read:

6 560.7995 (4) (b) 2. ^{Beginning on} On or after ^{not less than} the effective date of this subdivision [revisor
7 inserts date], the department shall ensure that two-thirds of the tax benefits
8 ~~the effective date of this subdivision [revisor inserts date]~~ ^{paragraph} remaining on this date to be awarded to persons certified under this subsection are
9 awarded to persons conducting an airport development project in an economically
10 distressed area.

11 **SECTION 73.** 560.80 (3m) of the statutes is repealed.

12 **SECTION 74.** 560.80 (4) of the statutes is amended to read:

13 560.80 (4) "Eligible development project costs" means costs that, in accordance
14 with sound business and financial practices, are appropriately incurred in
15 connection with a development project, but does not include entertainment expenses
16 or expenses incurred more than 6 months before the board approves a grant or loan
17 under s. 560.83 560.836 (2). 560.82 (1m) (b) ✓

18 **SECTION 75.** 560.80 (5) of the statutes is renumbered 560.80 (5) (intro.) and
19 amended to read:

20 560.80 (5) (intro.) "Eligible recipient" means ~~a person who is eligible to receive~~
21 ~~a grant under s. 560.82 (5) (a) or 560.837 or a grant or loan under s. 560.83 (5) (a) or~~
22 ~~(b)~~ [✓] any of the following:

23 **SECTION 76.** 560.80 (5) (a) and (b) of the statutes are created to read:

24 560.80 (5) (a) An individual who is a minority group member and a resident of
25 this state.

1 (b) A minority business.

2 **SECTION 77.** 560.80 (5m) of the statutes is repealed.

3 **SECTION 78.** 560.80 (11) of the statutes is amended to read:

4 560.80 (11) "Project" means a development project, an early planning project,
5 ~~a finance project, an education and training project or a revolving fund project.~~

6 **SECTION 79.** 560.81 of the statutes is repealed.

7 **SECTION 80.** 560.82 (title) of the statutes is renumbered 560.836 (1) (title).

8 **SECTION 81.** 560.82 (1) and (2) (intro.) of the statutes are consolidated,
9 renumbered 560.836 (1) (b) and amended to read:

10 560.836 (1) (b) Subject to s. 560.84, the department may ~~award a~~ and make
11 an early planning project grant under this section subsection to an eligible recipient
12 ~~to fund an early planning project.~~ (2) (intro.) The department may not award a grant
13 under sub. (1) unless the eligible recipient ~~submits~~ shall submit an application, in
14 a form required by the department, that contains or describes all of the following:

15 **SECTION 82.** 560.82 (2) (a) to (n) of the statutes are renumbered 560.836 (1) (b)
16 1. to 14., and 560.836 (1)(b) 4. and 5., as renumbered, are amended to read:

17 560.836 (1) (b) 4. The market for the product or service described in ~~par. (c)~~
18 subd. 3.

19 5. Competition within the market described in ~~par. (d)~~ subd. 4.

20 **SECTION 83.** 560.82 (3) (intro.) of the statutes is renumbered 560.836 (1) (c)
21 (intro.) and amended to read:

22 560.836 (1) (c) (intro.) An eligible recipient who receives a grant under ~~sub. (1)~~
23 this subsection or s. 560.835 (6), 2001 stats., may only use the proceeds of the grant
24 for the following purposes:

Insert
21-6

SECTION 84. 560.82 (3) (a) to (c) of the statutes are renumbered 560.836 (1) (c)

1. to 3.

SECTION 85. 560.82 (4) (intro.) and (a) (intro.) of the statutes are consolidated, renumbered 560.836 (1) (d) (intro.) and amended to read:

560.836 (1) (d) (intro.) ~~In any fiscal biennium, the~~ The department may not do any of the following: (a) (intro.) ~~Award~~ award in a fiscal biennium, for grants under sub. (1), more than 25% of the total of all of the following:

SECTION 86. 560.82 (4) (a) 1. and 2. of the statutes are renumbered 560.836 (1) (d) 1. and 2.

SECTION 87. 560.82 (4) (b) of the statutes is renumbered 560.836 (1) (e) and amended to read:

560.836 (1) (e) ~~Award,~~ The department may not award to any one eligible recipient or for any one early planning project, grants under sub. (1) this subsection that total more than \$15,000.

SECTION 88. 560.82 (5) (a) of the statutes is repealed.

SECTION 89. 560.82 (5) (b) of the statutes is renumbered 560.836 (1) (f) and amended to read:

560.836 (1) (f) ~~If the department awards a grant under sub. (1), the~~ The department may contract directly with and pay grant proceeds directly to any person providing technical or management assistance to the grant recipient of a grant under this subsection.

SECTION 90. 560.83 (title) of the statutes is renumbered 560.836 (2) (title) and amended to read:

560.836 (2) (title) ~~MINORITY BUSINESS~~ BUSINESS DEVELOPMENT AND REVOLVING FUND GRANTS AND LOANS.

1 **SECTION 91.** 560.83 (1) of the statutes is renumbered 560.836 (2) (b) and
2 amended to read:

3 560.836 (2) (b) Subject to s. 560.84, the ~~board~~ department may award and make
4 a grant or loan under this ~~subsection~~ paragraph to an eligible recipient or a local
5 development corporation that submits application materials in a form specified by
6 the department by rule. The proceeds of a grant or loan made under this subsection
7 shall only be used to fund eligible development project costs.

8 **SECTION 92.** 560.83 (2) (intro.) and (a) (intro.) of the statutes are consolidated,
9 renumbered 560.836 (2) (c) (intro.) and amended to read:

10 560.836 (2) (c) (intro.) The ~~board~~ department may award and make a grant or
11 loan under this ~~subsection~~ paragraph to a local development corporation if ~~all of the~~
12 ~~following apply:~~ that submits application materials in a form specified by the
13 department by rule. (a) ~~(intro.)~~ The local development corporation agrees to shall
14 use the proceeds of ~~grants~~ a grant or ~~loans~~ loan awarded under this section
15 paragraph for any of the following:

16 **SECTION 93.** 560.83 (2) (a) 1. and 2. of the statutes are renumbered 560.836 (2)
17 (c) 1. and 2. and amended to read:

18 560.836 (2) (c) 1. To make grants or loans not exceeding \$50,000 each to eligible
19 recipients to fund eligible development project costs. The local development
20 corporation shall use factors similar to those described under s. 560.84 (1) (a) to (k)
21 when making a grant or loan under this paragraph.

22 2. To create, expand, or continue a revolving fund program that is operated by
23 the local development corporation and that benefits or will benefit minority
24 businesses or minority group members who are residents of this state. The local

SECTION 93

development corporation shall use factors similar to those described under s. 560.84 (1) (a) to (k) when making a grant or loan under this paragraph.

SECTION 94. 560.83 (2) (b) of the statutes is repealed.

SECTION 95. 560.83 (3) of the statutes is repealed.

SECTION 96. 560.83 (4) (a) of the statutes is renumbered 560.863 (2) (d) 1. and amended to read:

560.863 (2) (d) 1. In any fiscal biennium, the ~~board~~ department may not award, to any one eligible recipient or local development corporation or for any one development project, grants or loans under sub. (1) par. (b) that total more than \$100,000 in a fiscal biennium.

SECTION 97. 560.83 (4) (b) of the statutes is renumbered 560.836 (2) (d) 2. and amended to read:

560.836 (2) (d) 2. In any fiscal year, the ~~board~~ department may not award to any one local development corporation grants or loans under sub. (2) par. (c) that total more than \$200,000.

SECTION 98. 560.83 (5) of the statutes is repealed.

SECTION 99. 560.836 (title) of the statutes is created to read:

560.836 (title) Minority business grants and loans.

SECTION 100. 560.836 (1) (a) of the statutes is created to read:

560.836 (1) (a) In this subsection, "eligible recipient" has the meaning given in s. 560.80 (5) (a).

SECTION 101. 560.836 (2) (a) of the statutes is created to read:

560.836 (2) (a) In this subsection, "eligible recipient" has the meaning given in s. 560.80 (5).

SECTION 102. 560.837 of the statutes is repealed.

1 SECTION 103. 560.84 (1) (b) 1. of the statutes is amended to read:

2 560.84 (1) (b) 1. If an early planning project ~~under s. 560.82~~ 560.836 (1), that
3 the project will increase employment in this state.

4 SECTION 104. 560.84 (1) (e) 1. of the statutes is amended to read:

5 (1m)(a) 560.84 (1) (e) 1. For grants funding early planning projects under s. 560.82
6 560.836 (1), not less than 25% of the cost of the project. Up to 50% of the contribution
7 under this subdivision may be in the form of the in-kind services of a qualified 3rd
8 party or qualified 3rd parties. The ~~department~~ board shall determine what services may
9 be used as in-kind contributions and whether a 3rd party is qualified, for purposes
10 of this subdivision.

11 SECTION 105. 560.84 (1) (f) of the statutes is amended to read:

12 560.84 (1) (f) That the project meets all criteria set forth in s. 560.82, 560.83,
13 or 560.837 560.836 (1) or (2), whichever is appropriate.

14 SECTION 106. 560.84 (1) (j) of the statutes is amended to read:

15 560.84 (1) (j) If a development project, ~~finance project, or education and~~
16 ~~training project~~, that funds from the grant or loan will not be used to refinance
17 existing debt.

18 SECTION 107. 560.85 (2) ~~and (3) (a)~~ is of the statutes are amended to read:

19 560.85 (2) The ~~board~~ department shall develop a policy governing the
20 repayment of grants and loans made under s. 560.83 560.836 (2). The ~~board or~~ 560.82(1m)(b) and (c)
21 department shall deposit moneys received in repayment of grants and loans under
22 s. 560.83 560.836 (2) 560.82(1m)(b) and (c) in the appropriation under s. 20.143 (1) (im).

23 (3) (a) Develop procedures to evaluate applications and monitor project
24 performance for grants awarded for early planning projects under s. 560.82 560.836 (1m)(a)
25 (1) or s. 560.835 (6), 2001 stats.

1 **SECTION 108.** 560.85 (3) (b) of the statutes is amended to read:

2 560.85 (3) (b) Develop procedures, with the approval of the board, to evaluate
3 applications, monitor project performance, and audit grants and loans awarded for
4 development projects under s. 560.83 560.836 (2), projects under s. 560.835, 2001
5 stats., and finance projects and education and training projects under s. 560.837,
6 2005 stats.

7 **SECTION 109.** 560.905 (2) of the statutes is amended to read:

8 560.905 (2) The standing committees of the senate and assembly with
9 jurisdiction over science and technology shall advise the department concerning the
10 administration of this subchapter. The department shall consider the advice of the
11 committees in carrying out the functions under this subchapter. Annually, the The
12 department shall ~~submit a~~ include in the report on required under s. 15.04 (1) (o)
13 information regarding the department's activities to the chief clerk of each house of
14 the legislature for distribution under s. 13.172 (3) under this subchapter and shall
15 request that the information required under this subsection be distributed to the
16 standing committees with jurisdiction over science and technology.

17 **SECTION 110.** 560.91 of the statutes is repealed.

18 **SECTION 111.** 560.915 (2) and (3) of the statutes are repealed.

19 **SECTION 112.** 560.915 (4) (a) of the statutes is renumbered 560.915 (4) (a)
20 (intro.) and amended to read:

21 560.915 (4) (a) (intro.) ~~Prepare a biennial~~ Include in the report required under
22 s. 15.04 (1) (o) information on the disposition and repayment of moneys spent under
23 sub. (2), s. 560.915 (2), 2005 stats., and request that the information required under
24 this paragraph be distributed to the standing committees with jurisdiction over

1 economic development, until the year in or after which the earlier of the following
2 occurs:

3 **SECTION 113.** 560.915 (4) (b) (intro.) of the statutes is repealed.

4 **SECTION 114.** 560.915 (4) (b) 1. of the statutes is renumbered 560.915 (4) (a) 1.
5 and amended to read:

6 560.915 (4) (a) 1. All financial assistance provided by the department under
7 ~~sub. (2) (b)~~ s. 560.915 (2) (b), 2005 stats., has been repaid.

8 **SECTION 115.** 560.915 (4) (b) 2. of the statutes is renumbered 560.915 (4) (a) 2.
9 and amended to read:

10 560.915 (4) (a) 2. The secretary certifies in the report that the department will
11 not provide money to any fund under ~~sub. (2) (b)~~ s. 560.915 (2) (b), 2005 stats.

12 **SECTION 116.** 560.915 (4) (c) of the statutes is amended to read:

13 560.915 (4) (c) Deposit all money received in repayment of financial assistance
14 under ~~sub. (2) (b)~~ s. 560.915 (2) (b), 2005 stats., in the general fund.

15 **SECTION 117.** 560.925 of the statutes is repealed.

16 **SECTION 118.** 560.935 of the statutes is repealed.

17 (END)

**2007-2008 DRAFTING INSERT
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LEGISLATIVE REFERENCE BUREAU**

LRB-2783/P3ins
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1 **INSERT ANAL - 1**

 (No 11) The bill also eliminates the following duplicative economic development programs: gaming economic development grants and loans and gaming economic diversification grants and loans.

2 **INSERT ANAL - 2**

 (11) Current law authorizes Commerce to award early planning project grants to certain eligible recipients. An "early planning project" is defined under current law as "the preliminary stages of considering and planning the start-up or expansion of a business that will be a minority business." Under current law, eligible recipients include individuals who are minority group members and residents of this state. The bill does not change the definition of "early planning project" or "eligible recipient." The bill transfers to the Minority Business Development Board the authority to award grants and permits the board to award early planning project loans as well as grants.

3 **INSERT ANAL - 3**

 (11) Under the bill, Commerce must still report the information required under current law, but the bill requires that all economic development reporting be made in one comprehensive annual document. In addition, under the bill, each of the following entities must submit to the legislature a comprehensive annual report detailing its economic development activities: 1) the University of Wisconsin System; 2) DATCP; 3) DNR; 4) WHEDA; 5) the Department of Tourism; 6) the Technical College System; and 7) the Department of Transportation.

4 **INSERT 7-14**

5 **SECTION ~~14~~ 20.143 (1) (ig) of the statutes is repealed.**

6 **INSERT 9-5**

7 **SECTION ~~2~~ 23.167 of the statutes is created to read:**

8 **23.167 Programmatic goals for economic development grants and**
9 **loans.** The department, in consultation with the department of commerce, shall do
10 all of the following for each economic development program administered by the
11 department:

1 (1) Establish clear and measurable goals for the program that are tied to
2 statutory policy objectives.

3 (2) Establish at least one quantifiable benchmark for each program goal
4 described in sub. (1).

5 (3) Require that each grant or loan recipient submit a report to the department.
6 Each contract with a recipient of a grant or loan under the program shall specify the
7 frequency and format of the report to be submitted to the department and the
8 performance measures to be included in the report.

9 (4) Establish a method for evaluating the projected results of the grant or loan
10 program with actual outcomes as determined by evaluating the information
11 described in subs. (1) and (2).

12 (5) Annually and independently verify, from a sample of grants and loans, the
13 accuracy of the information required to be reported under sub. (3).

14 ~~SECTION 3.~~ 23.169 of the statutes is created to read:

15 **23.169 Economic development assistance reporting.** Annually, no later
16 than October 1, the department shall submit to the legislature under s. 13.172 (2) a
17 comprehensive report assessing economic development programs administered by
18 the department. The report shall include all of the information required under s.
19 560.01 (2) (am). The department shall collaborate with the department of commerce
20 to make readily accessible to the public on an Internet-based system the information
21 required under this section.

22 **INSERT 9-23**

23 **SECTION 4.** 36.09 (1) (am) of the statutes is created to read:

1 36.09 (1) (am) The board, in consultation with the department of commerce,
2 shall do all of the following for each economic development program administered by
3 the board:

4 1. Establish clear and measurable goals for the program that are tied to
5 statutory policy objectives.

6 2. Establish at least one quantifiable benchmark for each program goal
7 described in subd. 1.

8 3. Require that each grant or loan recipient submit a report to the board. Each
9 contract with a recipient of a grant or loan under the program shall specify the
10 frequency and format of the report to be submitted to the board and the performance
11 measures to be included in the report.

12 4. Establish a method for evaluating the projected results of the grant or loan
13 program with actual outcomes as determined by evaluating the information
14 described in subds. 1. and 2.

15 5. Annually and independently verify, from a sample of grants and loans, the
16 accuracy of the information required to be reported under subd. 3.

17 ~~SECTION 36.11~~ 36.11 (29r) of the statutes is created to read:

18 36.11 (29r) ECONOMIC DEVELOPMENT ASSISTANCE REPORTING. Annually, no later
19 than October 1, the board shall submit to the legislature under s. 13.172 (2) a
20 comprehensive report assessing economic development programs administered by
21 the board. The report shall include all of the information required under s. 560.01
22 (2) (am). The board shall collaborate with the department of commerce to make
23 readily accessible to the public on an Internet-based system the information
24 required under this subsection.

25 ~~SECTION 38.04~~ 38.04 (1m) of the statutes is created to read:

1 **38.04 (1m) PROGRAMMATIC GOALS FOR ECONOMIC DEVELOPMENT GRANTS AND LOANS.**

2 The board, in consultation with the department of commerce, shall do all of the
3 following for each economic development program administered by the board:

4 (a) Establish clear and measurable goals for the program that are tied to
5 statutory policy objectives.

6 (b) Establish at least one quantifiable benchmark for each program goal
7 described in par. (a).

8 (c) Require that each grant or loan recipient submit a report to the board. Each
9 contract with a recipient of a grant or loan under the program shall specify the
10 frequency and format of the report to be submitted to the board and the performance
11 measures to be included in the report.

12 (d) Establish a method for evaluating the projected results of the grant or loan
13 program with actual outcomes as determined by evaluating the information
14 described in pars. (a) and (b).

15 (e) Annually and independently verify, from a sample of grants and loans, the
16 accuracy of the information required to be reported under par. (c).

17 **SECTION ~~8~~ 38.04 (10m)** of the statutes is created to read:

18 **38.04 (10m) ECONOMIC DEVELOPMENT ASSISTANCE REPORTING.** Annually, no later
19 than October 1, the board shall submit to the legislature under s. 13.172 (2) a
20 comprehensive report assessing economic development programs administered by
21 the board. The report shall include all of the information required under s. 560.01
22 (2) (am). The board shall collaborate with the department of commerce to make
23 readily accessible to the public on an Internet-based system the information
24 required under this subsection.

25 **SECTION 8. 41.11 (1g)** of the statutes is created to read:

1 **41.11 (1g) PROGRAMMATIC GOALS FOR ECONOMIC DEVELOPMENT GRANTS AND LOANS.**

2 The department, in consultation with the department of commerce, shall do all of the
3 following for each economic development grant or loan program administered by the
4 department:

5 (a) Establish clear and measurable goals for the program that are tied to
6 statutory policy objectives.

7 (b) Establish at least one quantifiable benchmark for each program goal
8 described in par. (a).

9 (c) Require that each grant or loan recipient submit a report to the department.
10 Each contract with a recipient of a grant or loan under the program shall specify the
11 frequency and format of the report to be submitted to the department and the
12 performance measures to be included in the report.

13 (d) Establish a method for evaluating the projected results of the grant or loan
14 program with actual outcomes as determined by evaluating the information
15 described in pars. (a) and (b).

16 (e) Annually and independently verify, from a sample of grants and loans, the
17 accuracy of the information required to be reported under par. (c).

18 ~~SECTION 41.11~~ **41.11 (1r)** of the statutes is created to read:

19 **41.11 (1r) ECONOMIC DEVELOPMENT ASSISTANCE REPORTING.** Annually, no later
20 than October 1, the department shall submit to the legislature under s. 13.172 (2) a
21 comprehensive report assessing economic development programs administered by
22 the department. The report shall include all of the information required under s.
23 560.01 (2) (am). The department shall collaborate with the department of commerce
24 to make readily accessible to the public on an Internet-based system the information
25 required under this subsection. ✓

1 **SECTION 10.** ~~84.01~~ 84.01 (6m) of the statutes is created to read:

2 **84.01 (6m) PROGRAMMATIC GOALS FOR ECONOMIC DEVELOPMENT GRANTS AND LOANS.**

3 The department, in consultation with the department of commerce, shall do all of the
4 following for each economic development grant or loan program administered by the
5 department:

6 (a) Establish clear and measurable goals for the program that are tied to
7 statutory policy objectives.

8 (b) Establish at least one quantifiable benchmark for each program goal
9 described in par. (a).

10 (c) Require that each grant or loan recipient submit a report to the department.
11 Each contract with a recipient of a grant or loan under the program shall specify the
12 frequency and format of the report to be submitted to the department and the
13 performance measures to be included in the report.

14 (d) Establish a method for evaluating the projected results of the grant or loan
15 program with actual outcomes as determined by evaluating the information
16 described in pars. (a) and (b).

17 (e) Annually and independently verify, from a sample of grants and loans, the
18 accuracy of the information required to be reported under par. (c).

19 **SECTION 11.** 84.01 (11m) of the statutes is created to read:

20 **84.01 (11m) ECONOMIC DEVELOPMENT ASSISTANCE REPORTING.** Annually, no later
21 than October 1, the department shall submit to the legislature under s. 13.172 (2) a
22 comprehensive report assessing economic development programs administered by
23 the department. The report shall include all of the information required under s.
24 560.01 (2) (am). The department shall collaborate with the department of commerce

1 to make readily accessible to the public on an Internet-based system the information
2 required under this subsection.

3 **SECTION ~~12~~ 93.07 (18)** of the statutes is created to read:

4 **93.07 (18) PROGRAMMATIC GOALS FOR ECONOMIC DEVELOPMENT GRANTS AND LOANS.**

5 In consultation with the department of commerce, [✓]to do all of the following for each
6 economic development grant or loan program administered by the department of
7 agriculture, trade and consumer protection:

8 (a) Establish clear and measurable goals for the program that are tied to
9 statutory policy objectives.

10 (b) Establish at least one quantifiable benchmark for each program goal
11 described in par. (a).

12 (c) Require that each grant or loan recipient submit a report to the department.
13 Each contract with a recipient of a grant or loan under the program shall specify the
14 frequency and format of the report to be submitted to the department and the
15 performance measures to be included in the report.

16 (d) Establish a method for evaluating the projected results of the grant or loan
17 program with actual outcomes as determined by evaluating the information
18 described in pars. (a) and (b).

19 (e) Annually and independently verify, from a sample of grants and loans, the
20 accuracy of the information required to be reported under par. (c).

21 **SECTION 13. 93.07 (20)** of the statutes is created to read:

22 **93.07 (20) ECONOMIC DEVELOPMENT ASSISTANCE REPORTING.** Annually, no later
23 than October 1, to submit to the legislature under s. 13.172 (2) a comprehensive
24 report assessing economic development programs administered by the department.
25 The report shall include all of the information required under s. 560.01 (2) (am). The

1 department shall collaborate with the department of commerce to make readily
2 accessible to the public on an Internet-based system the information required under
3 this subsection.

4 **INSERT 10-6**

5 **SECTION ~~14~~ 234.032** of the statutes is created to read:

6 **234.032 Programmatic goals for economic development grants and**
7 **loans.** The authority, in consultation with the department of commerce, shall do all
8 of the following for each economic development grant or loan program administered
9 by the authority:

10 (1) Establish clear and measurable goals for the program that are tied to
11 statutory policy objectives.

12 (2) Establish at least one quantifiable benchmark for each program goal
13 described in sub. (1).

14 (3) Require that each grant or loan recipient submit a report to the authority.
15 Each contract with a recipient of a grant or loan under the program shall specify the
16 frequency and format of the report to be submitted to the authority and the
17 performance measures to be included in the report.

18 (4) Establish a method for evaluating the projected results of the grant or loan
19 program with actual outcomes as determined by evaluating the information
20 described in subs. (1) and (2).

21 (5) Annually and independently verify, from a sample of grants and loans, the
22 accuracy of the information required to be reported under sub. (3).

23 **SECTION ~~15~~ 234.255** of the statutes is created to read:

24 **234.255 Economic development assistance reporting.** Annually, no later
25 than October 1, the authority shall submit to the legislature under s. 13.172 (2) a

comprehensive report assessing economic development programs administered by the authority. The report shall include all of the information required under s. 560.01 (2) (am). The authority shall collaborate with the department of commerce to make readily accessible to the public on an Internet-based system the information required under this section.

INSERT 11-22

SECTION ~~16~~ 17. 560.01 (2) (ae) of the statutes is created to read:

560.01 (2) (ae) *Programmatic goals for economic development grants and loans.*

The department shall do all of the following for each economic development grant or loan program administered by the department:

1. Establish clear and measurable goals for the program that are tied to statutory policy objectives.

2. Establish at least one quantifiable benchmark for each program goal described in subd. 1.

3. Require that each grant or loan recipient submit a report to the department. Each contract with a recipient of a grant or loan under the program shall specify the frequency and format of the report to be submitted to the department and the performance measures to be included in the report.

4. Establish a method for evaluating the projected results of the grant or loan program with actual outcomes as determined by evaluating the information described in subds. 1. and 2.

5. Annually and independently verify, from a sample of grants and loans, the accuracy of the information required to be reported under subd. 3.

SECTION ~~17~~ 18. 560.01 (2) (am) of the statutes is created to read:

1 560.01 (2) (am) *Economic development assistance reporting*. Annually, no later
2 than October 1, the department shall submit to the legislature under s. 13.172 (2) a
3 comprehensive report assessing economic development programs administered by
4 the department. The department shall make readily accessible to the public on an
5 Internet-based system the information required under this paragraph. The report
6 shall include all of the following information:

- 7 1. A description of each program.
- 8 2. Quantifiable performance measures directly related to the purpose of the
9 program.
- 10 3. A comparison of expected and actual program outcomes.
- 11 4. The number of grants made under the program in the previous year.
- 12 5. The number of loans made under the program in the previous year.
- 13 6. The amount of each grant and loan made under the program in the previous
14 year.
- 15 7. The recipient of each grant or loan made under the program in the previous
16 year.
- 17 8. The sum total of all grants and loans awarded to and received by each
18 recipient under the program in the previous year.
- 19 9. Any recommended changes to the program.

20 **INSERT 12-4**

21 (No ff) ss. 23.169, 36.11 (29r), 38.04 (10m), 41.11 (1r), 84.01 (11m), 93.07 (20), and
22 234.255

23 **INSERT 20-11**

24 ~~SECTION 18.~~ 560.7995 (4) (c) (intro.) of the statutes is amended to read:

History: 2005 a. 487; s. 13.93 (1) (b)

History: 2005 a. 487; s. 13.93 (1) (b).

History: 1989 a. 31, 335; 1997 a. 27; 1999 a. 9; 2003 a. 33.

SECTION 24. 560.82 (title) of the statutes is amended to read:

560.82 (title) Minority business early planning grants and loans.

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

SECTION 25. 560.82 (1) of the statutes is renumbered 560.82 (1m) (intro.) and

amended to read:

560.82 (1m) (intro.) ~~Subject to s. 560.84, the department~~ The board may award a grant or loan under this section to an any of the following:

(a) Subject to s. 560.84, an eligible recipient, as defined in s. 560.80 (5) (a), to fund an early planning project.

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

SECTION 26. 560.82 (1m) (b) and (c) of the statutes are created to read:

560.82 (1m) (b) Subject to s. 560.84, an eligible recipient or local development corporation that submits application materials in a form specified by the department by rule to fund eligible development project costs.

(c) A local development corporation to make grants or loans under sub. (2g) (a) 1. or to fund a revolving fund program under sub. (2g) (a) 2.

SECTION 27. 560.82 (2) (intro.) of the statutes is amended to read:

560.82 (2) (intro.) ~~The department~~ board may not award a grant or loan under sub. (1) (1m) (a) unless the eligible recipient, as defined in s. 560.80 (5) (a), submits an application, in a form required by the department, that contains or describes all of the following:

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

SECTION 28. 560.82 (3) (intro.) of the statutes is amended to read:

560.82 (3) (intro.) An eligible recipient, as defined in s. 560.80 (5) (a), who receives a grant or loan under sub. (1) (1m) (a) or s. 560.835 (6), 2001 stats., may only use the proceeds of the grant for the following purposes:

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

SECTION 29. 560.82 (4) (intro.) of the statutes is amended to read:

560.82 (4) (intro.) ~~In any fiscal biennium, the department~~ The board may not
do any of the following:

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

~~SECTION 30.~~ 560.82 (4) (a) (intro.) of the statutes is amended to read:

560.82 (4) (a) (intro.) Award in a fiscal biennium, for grants or loans under sub.
(1) (1m) (a), more than 25% of the total of all of the following:

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

~~SECTION 31.~~ 560.82 (4) (a) 2. of the statutes is amended to read:

2. The lesser of the funds received in a fiscal biennium in repayment of grants
or loans under s. 560.83, 2005 stats., and this section or the funds appropriated for
the fiscal biennium under s. 20.143 (1) (im).

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

~~SECTION 32.~~ 560.82 (4) (b) of the statutes is amended to read:

560.82 (4) (b) Award, in a fiscal biennium to any one eligible recipient, as
defined in s. 560.80 (5) (a), or for any one early planning project, grants or loans under
sub. (1) (1m) (a) that total more than \$15,000.

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

~~SECTION 33.~~ 560.82 (5) (a) of the statutes is repealed.

~~SECTION 34.~~ 560.82 (5) (b) of the statutes is renumbered 560.82 (5) and
amended to read:

560.82 (5) If the ~~department~~ board awards a grant or loan under sub. (1) (1m)
(a), the department may contract directly with and pay grant or loan proceeds
directly to any person providing technical or management assistance to the grant or
loan recipient.

History: 1989 a. 31; 1991 a. 269; 1993 a. 16; 1995 a. 27, 216; 1997 a. 27; 2001 a. 16; 2003 a. 33.

~~SECTION 35.~~ 560.83 (title) of the statutes is repealed.

~~SECTION 36.~~ 560.83 (1) of the statutes is repealed.

~~SECTION 37.~~ 560.83 (2) of the statutes is renumbered 560.82 (2g).

1 **SECTION 38.** 560.83 (3) of the statutes is renumbered 560.82 (2g) (c) and
2 amended to read:

3 560.82 (2g) (c) ~~The board may not award a grant or loan under sub. (1) or (2)~~
4 ~~unless the eligible recipient or the~~ local development corporation submits an
5 application, or other materials, in a form specified by the department by rule.

History: 1989 a. 31; 1997 a. 27; 1999 a. 9.

6 **SECTION 39.** 560.83 (4) (a) of the statutes is renumbered 560.82 (4) (c) and
7 amended to read:

8 560.82 (4) (c) In Award in any fiscal biennium, ~~the board may not award~~, to any
9 one eligible recipient or local development corporation or for any one development
10 project, grants or loans under sub. (1) (1m) (b) that total more than \$100,000 in a
11 fiscal biennium.

History: 1989 a. 31; 1997 a. 27; 1999 a. 9.

12 **SECTION 40.** 560.83 (4) (b) of the statutes is renumbered 560.82 (4) (d) and
13 amended to read:

14 560.82 (4) (d) In Award, in any fiscal year, ~~the board may not award~~ to any one
15 local development corporation, grants or loans under sub. (2) (1m) (c) that total more
16 than \$200,000.

History: 1989 a. 31; 1997 a. 27; 1999 a. 9.

17 **INSERT 25-1**

18 **SECTION 41.** 560.84 (1) (intro.) of the statutes is amended to read:

19 560.84 (1) (intro.) ~~The department or~~ board may not award a grant or loan for
20 a project under this subchapter unless, after considering the application or other
21 material submitted by the eligible recipient or local development corporation, the
22 ~~department or~~ board determines all of the following:

History: 1989 a. 31, 335; 1993 a. 16; 1995 a. 27; 1997 a. 27; 2003 a. 33.

23 **INSERT 25-18**

1 **SECTION ~~42~~** 560.84 (2) (intro.) of the statutes is amended to read:

2 560.84 (2) (intro.) The board ~~or department~~ shall consider all of the following
3 before awarding a grant or loan to an eligible recipient or local development
4 corporation for a project:

History: 1989 a. 31, 335; 1993 a. 16; 1995 a. 27; 1997 a. 27; 2003 a. 33.

5 **SECTION ~~43~~** 560.84 (2) (a) 1. of the statutes is amended to read:

6 560.84 (2) (a) 1. If an early planning project ~~under s. 560.82~~, the extent to which
7 the project will increase employment in this state.

8 **INSERT 25-23**

History: 1989 a. 31, 335; 1993 a. 16; 1995 a. 27; 1997 a. 27; 2003 a. 33.

9 **SECTION ~~44~~** 560.85 (3) (a) of the statutes is amended to read:

**2007-2008 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-2783/P3ins2
TKK:wlj&bjk:pg

INSERT 12-3

Not

the department of natural resources, the board of regents of the University of Wisconsin System, the technical college system board, the department of tourism, the department of transportation, the department of agriculture, trade, and consumer protection, and the Wisconsin housing and economic development authority

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

07-2783/P3dn

TKK:.....

Wlj

To Senator Sullivan and Representative Jeskewitz, Joint Legislative Audit Committee Cochairs:

* This draft is offered in response to the Committee's instructions at the July 26, 2007 meeting of the Joint Legislative Audit Committee Working Group on Economic Development. Please review the draft carefully to ensure that I have accomplished the intent of the Committee. I have the following comments and questions, *in italics*, for your consideration:

* 1. Programmatic Goals for economic development grant and loan programs administered by departments, authorities and independent agencies, including Commerce.

The draft requires Commerce and the following state entities that administer economic development grant and loan programs to establish programmatic goals and require more detailed reporting and accountability measures for these programs: 1) University of Wisconsin System; 2) ~~the~~ Department of Agriculture, Trade and Consumer Protection; 3) Department of Natural Resources; 4) ~~the~~ Wisconsin Housing and Economic Development Authority; 5) ~~the~~ Department of Tourism; 6) ~~The~~ Technical College System; and 7) ~~the~~ Department of Transportation.

The bill does not define "economic development grant or loan program." However, the bill does require the seven entities to work in consultation with Commerce to establish these goals.

Is that acceptable, or did you wish to establish a definition for an economic development program?

* 2. Repeal of s. 20.143 (1) (ig), appropriation for gaming economic development and diversification; repayment. This draft repeals s. 20.143 (1) (ig) because, with the elimination of ss. 560.137 and 560.138, there are no longer any appropriations made under this section. I did not, however, re-direct the repayments of grants and loans made under ss. 560.137, 2005 stats., and 560.138, 2005 stats.

To what appropriation should ~~should~~ these repayments be directed?

3. Employee Skills Training. The committee directed me to direct Commerce to consolidate three employee skills training programs under s. 560.155: the minority

business employees skills training program, the rural business employees skills training program, and the business employees skills training program. These are not separate programs under the statutes, but were created by Commerce under the authority granted in s. 560.155. In order to accomplish this consolidation, I withdrew authority from Commerce to consider factors, other than those factors identified under current law, in the awarding of grants under this section.

Okay?

4. Brownfields.

a. The committee directed me to consolidate the two brownfields programs administered by the Department of Natural Resources into one program. On August 6, Senator Roessler submitted an e-mail that raised some concerns about the implications of consolidating two programs with two different funding sources, and the Committee elected to eliminate this consolidation from consideration. For that reason, these two DNR brownfields programs were not treated in this draft.

b. The committee directed me to consolidate two Commerce-administered brownfields programs: the community development block grant administration under s. 560.045 and the brownfields grant program under s. 560.13. These two programs also have different funding sources and serve different purposes with different eligibility criteria. For that reason, I took no action on this consolidation.

Okay?

5. Development and enterprise zones. The committee directed me to follow "Option E" (Make no change) outlined in the Audit Bureau's Legislative Options document. However, the committee also instructed me to require that 2/3 of the remaining tax credits be awarded to businesses locating or expanding in economically distressed areas and to define "economically distressed." I have several questions about this instruction:

a. I proceeded under the assumption that the committee wanted the 2/3 requirement to apply only to those development and enterprise zones programs that require the department to consider economic distress under current law: 1) the development zone program; 2) the enterprise development zone program; 3) the enterprise zone program; and 4) the airport development zone program.

Is that a correct assumption?

b. Definition of "economically distressed".

The definition of "economically distressed" follows:

560.70 (2g) "Economically distressed area" means an area that satisfies all of the following:

- (a) The area has an unemployment rate greater than or equal to 5.6 percent.
- (b) Greater than or equal to 9.0 percent of the population in the area has family income below the poverty line established under 42 U.S.C. 9902 (2).

Are you comfortable with the definition of "economically distressed area" in proposed s. 560.70 (2g)?

6. Consolidation of minority business grant and loan programs: direct payments to persons providing technical assistance to grant or loan recipients.

Under current law, Commerce may contract directly with persons providing technical or management assistance to the recipient of an early planning project grant. Current law limits early planning project grants to "eligible recipients," defined under current law as individuals who are minority group members and residents of this state.

* This draft permits the Minority Business Development Board to award early planning project loans as well as grants, retains the definition of "eligible recipient," and permits the Board to contract directly with persons providing technical or management assistance to the eligible recipient.

Did you wish to permit the department to contract directly with persons providing technical or management assistance to the recipient of any grant or loan awarded under section 560.82?

These grants and loans consist of all of the following:

- a. Early planning project grants and loans.
- b. Eligible development project grants and loans.
- c. Revolving fund grants and loans.

I look forward to working with you on this draft.

Tracy K. Kuczenski
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E-mail: tracy.kuczenski@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2783/P3dn
TKK:wlj:jf

October 1, 2007

To Senator Sullivan and Representative Jeskewitz, Joint Legislative Audit Committee Cochairs:

This draft is offered in response to the committee's instructions at the July 26, 2007, meeting of the Joint Legislative Audit Committee Working Group on Economic Development. Please review the draft carefully to ensure that I have accomplished the intent of the committee. I have the following comments and questions, *in italics*, for your consideration:

1. Programmatic goals for economic development grant and loan programs administered by departments, authorities, and independent agencies, including Commerce.

The draft requires Commerce and the following state entities that administer economic development grant and loan programs to establish programmatic goals and require more detailed reporting and accountability measures for these programs: 1) University of Wisconsin System; 2) Department of Agriculture, Trade and Consumer Protection; 3) Department of Natural Resources; 4) Wisconsin Housing and Economic Development Authority; 5) Department of Tourism; 6) Technical College System; and 7) Department of Transportation.

The bill does not define "economic development grant or loan program." However, the bill does require the seven entities to work in consultation with Commerce to establish these goals.

Is that acceptable, or did you wish to establish a definition for an economic development program?

2. Repeal of s. 20.143 (1) (ig), appropriation for gaming economic development and diversification; repayment. This draft repeals s. 20.143 (1) (ig) because, with the elimination of ss. 560.137 and 560.138, there are no longer any appropriations made under this section. I did not, however, redirect the repayments of grants and loans made under ss. 560.137, 2005 stats., and 560.138, 2005 stats.

To what appropriation should these repayments be directed?

3. Employee skills training. The committee directed me to direct Commerce to consolidate three employee skills training programs under s. 560.155: the minority

business employees skills training program, the rural business employees skills training program, and the business employees skills training program. These are not separate programs under the statutes, but were created by Commerce under the authority granted in s. 560.155. To accomplish this consolidation, I withdrew authority from Commerce to consider factors, other than those factors identified under current law, in the awarding of grants under this section.

Okay?

4. Brownfields.

a. The committee directed me to consolidate into one program the two brownfields programs administered by the Department of Natural Resources. On August 6, Senator Roessler submitted an e-mail that raised some concerns about the implications of consolidating two programs with two different funding sources, and the committee elected to eliminate this consolidation from consideration. For that reason, these two DNR brownfields programs were not treated in this draft.

b. The committee directed me to consolidate two Commerce-administered brownfields programs: the community development block grant administration under s. 560.045 and the brownfields grant program under s. 560.13. These two programs also have different funding sources and serve different purposes with different eligibility criteria. For that reason, I took no action on this consolidation.

Okay?

5. Development and enterprise zones. The committee directed me to follow "Option E" (make no change) outlined in the Audit Bureau's "Legislative Options" document. However, the committee also instructed me to require that two-thirds of the remaining tax credits be awarded to businesses locating or expanding in economically distressed areas and to define "economically distressed." I have several questions about this instruction:

a. I proceeded under the assumption that the committee wanted the two-thirds requirement to apply only to those development and enterprise zones programs that require the department to consider economic distress under current law: 1) the development zone program; 2) the enterprise development zone program; 3) the enterprise zone program; and 4) the airport development zone program.

Is that a correct assumption?

b. Definition of "economically distressed".

The definition of "economically distressed" follows:

560.70 (2g) "Economically distressed area" means an area that satisfies all of the following:

(a) The area has an unemployment rate of at least 5.6 percent.

(b) At least 9 percent of the population in the area has family income below the poverty line established under 42 USC 9902 (2).

Are you comfortable with the definition of "economically distressed area" in proposed s. 560.70 (2g)?

6. Consolidation of minority business grant and loan programs: direct payments to persons providing technical assistance to grant or loan recipients.

Under current law, Commerce may contract directly with persons providing technical or management assistance to the recipient of an early planning project grant. Current law limits early planning project grants to "eligible recipients," defined under current law as individuals who are minority group members and residents of this state.

This draft permits the Minority Business Development Board to award early planning project loans as well as grants, retains the definition of "eligible recipient," and permits the board to contract directly with persons providing technical or management assistance to the eligible recipient.

Did you wish to permit the department to contract directly with persons providing technical or management assistance to the recipient of any grant or loan awarded under section 560.82?

These grants and loans consist of all of the following:

- a. Early planning project grants and loans.
- b. Eligible development project grants and loans.
- c. Revolving fund grants and loans.

I look forward to working with you on this draft.

Tracy K. Kuczenski
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Duerst, Christina

From: Learned, Julie
Sent: Tuesday, January 15, 2008 4:09 PM
To: LRB.Legal
Subject: Draft Review: LRB 07-2783/2 Topic: Economic development program improvements

Please Jacket LRB 07-2783/2 for the ASSEMBLY.